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FISCAL IMPACT STATEMENT

LS 6925
BILL NUMBER: SB 330

NOTE PREPARED: Jan 5, 2015
BILL AMENDED:

SUBJECT: Annexation.

FIRST AUTHOR: Sen. Boots
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

Annexation of Noncontiguous Territory: The bill allows a municipality to annex noncontiguous territory occupied by an economic development project. It provides that if the economic development project is not completed within three years after the annexation is effective, jurisdiction of the annexation territory reverts to the county.

Municipal Petition: It provides, with certain exceptions, that when a municipality initiates an annexation, the annexation may not proceed until the municipality files a petition with the court containing the signatures of: (1) at least 51% of the owners of land (that is not exempt from property taxes) in the territory proposed to be annexed; or (2) the owners of more than 60% in assessed valuation of land (that is not exempt from property taxes) in the annexation territory.

The bill also provides that, if the court finds that the petition has a sufficient number of signatures, a hearing must be conducted to review the annexation and fiscal plan. It allows a person to intervene as a party at the hearing to review the annexation and fiscal plan if: (1) the person is an owner of property in the territory proposed to be annexed; (2) the person and no other owner of the property have signed the petition filed by the municipality; and (3) the person appeared at the hearing conducted by the municipality on the annexation ordinance or submitted a remonstrance or other document into the record of the hearing.

"Supervoluntary" Annexation: The bill allows landowners who do not reside within an annexation territory to sign a petition requesting annexation under the "supervoluntary" annexation procedures.

Repeals: The bill eliminates a procedure that requires the court to order an annexation not to take place if certain circumstances are shown. It removes provisions allowing a municipality to obtain waivers of a landowner's right to remonstrate against an annexation.

The bill repeals provisions concerning:

- (1) waivers of remonstrance against an annexation;
- (2) filing a remonstrance against an annexation; and
- (3) settlement agreements in lieu of annexation.

Fiscal Plans: The bill prohibits a municipality from amending the fiscal plan after the date that the municipality files the annexation petition with the court, unless the persons signing the petition consent to the amendment.

Effective Date of an Annexation: It provides that in all circumstances an annexation becomes effective when the ordinance or a final unappealable judgment is filed by the municipal clerk.

Effective Date: July 1, 2015.

Explanation of State Expenditures:

Explanation of State Revenues: Circuit and superior courts will not receive court fees for remonstrances, which are repealed under the bill. In place of remonstrance, in some cases, the municipality will file with the court. Civil action filing fees are not collected from a political subdivision in an action brought by the political subdivision.

The process replaces the remonstrance process that requires the property owners to circulate petitions, to file the petition with the court, and pay court fees. However, the amount of court fees foregone is expected to be minimal. A survey of municipalities that passed annexation ordinances between 2009 and 2013 found that about 5.7%, or 16 of 280, were remonstrated against.

Explanation of Local Expenditures: Municipal costs of an annexation will increase an indeterminate amount, depending on the number, type, and territory of the annexation undertaken. A municipality that initiates an annexation will incur additional costs to circulate a petition in favor of the annexation and to take part in a court hearing of the petition if the court determines the petition is sufficient. Courts may have an increase in caseload to hold a hearing on most annexations initiated by municipalities.

Additionally, the bill allows for noncontiguous annexations for economic development projects, which potentially increases costs to provide services in the noncontiguous annexed areas or, for the county, in the territory between the municipality and the annexed area.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Circuit and superior courts, municipalities, counties.

Information Sources: IC 33-37-3-1, Palmer, Jaime, Indiana Advisory Commission on Indiana, *Government Annexation in Indiana*, presented to the Interim Study Committee on Government, Indianapolis, September

24, 2014.

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